

The Corporation Trust Company Journal

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CONTENTS

The Power of Illinois Building Corporations to
Hold Real Estate.

Two Opinions of the Attorney General of New York
on the Voting Power of Preferred Stock.

"The Department of Corporations" at Washington.

The Corporation Law of Delaware.

SUPPLEMENT

Foreign Corporations in Cuba.

Issued in

New York, Boston, Philadelphia, Chicago and St. Louis

IN ILLINOIS A DIFFICULT QUESTION ARISES WITH REGARD TO THE POWER OF CORPORATIONS TO HOLD REAL ESTATE. The statute provides that corporations shall have the power to hold real estate necessary for their business but shall not be formed for the purpose of engaging in a real estate brokerage business. A number of corporations have been organized for the purpose of operating office buildings, and recent decisions of the Supreme Court of Illinois have held that such corporations have no authority by law to exist and can be attacked collaterally. Another frequent method adopted to enable corporations to hold property and erect office buildings thereon has been to organize for the primary and apparent purpose of operating safe deposit vaults. The decisions above referred to have made this fine distinction; that in the case of office buildings owned by corporations formed for the purpose of operating safety deposit vaults the purpose does not necessarily involve the ownership of real estate, and if it does there is merely an excess of power, but where the corporation is formed for the purpose of operating an office building, the ownership of real estate is necessarily involved and there is a total lack of power. In the case of the Imperial Building Co. vs. Chicago Open Board of Trade, 238 Ill. 100, referred to in the February number of this Journal, the Court permitted collateral attack on the existence of the corporation. The question again arose on direct attack on another of many similar charters in the case of *People vs. Shedd, et al*, decided by the same court June 16, 1909, in which case the court adhered to its former decision, that a charter to erect and operate an office building on a leasehold was absolutely void as opposed to public policy in Illinois. An application for rehearing is now pending and it is expected that a writ of error to the United States Supreme Court will be prosecuted if the present ruling is still adhered to.

THE RECENT DECISION IN NEW YORK HOLDING THAT THE VOTING POWER OF PREFERRED STOCK CAN BE LIMITED, referred to in our July-August number, (*People ex rel Stewart Browne et al vs. Samuel S. Koenig, Secretary of State*), has been followed by two opinions of the Attorney General of that State. The first, dated August 26, 1909, instructs the Secretary of State to file certificates of incorporation containing provisions entirely withholding the voting power of preferred stock. The Attorney General holds that if public policy as construed by the Supreme Court in the above decision does not forbid the issuance of stock with limited voting power, it likewise does not prohibit the issuance of stock with no voting power, and if in one case it is a matter of contract between the stockholders, it is equally so in the other. A second opinion rendered on August 31, 1909, holds that in voting upon an increase or reduction of the authorized capital, the stockholders effecting such a reduction must own a majority of





the capital stock of the corporation, not simply of the capital stock of a class of stockholders, even though such a class has the voting power.

"THE DEPARTMENT OF CORPORATIONS" may soon be the name of a new and important department of the federal government at Washington. Last spring President Taft designated Attorney General Wickersham, Secretary of Commerce and Labor Nagel, Interstate Commerce Commissioners Knapp and Prouty and Solicitor General Bowers to formulate a plan for reorganization of the departments which deal with corporations, in order that those departments may be more systematically supervised. The conferees met on August 30th. It is the general impression in government circles that the conference will recommend that the Bureau of Corporations be enlarged and used as a nucleus for the establishment of a new executive department, whose head shall have a seat in the cabinet and general supervision over all corporations doing an interstate business, except railroads.

THE CORPORATION LAW OF DELAWARE is attracting the attention of corporation lawyers all over the country as a favorable law under which to incorporate. The number of corporations organized under that law during the past three years has increased by leaps and bounds. In 1907 the total number for the year was 631; in 1908 it increased to 820, and for the present year it is estimated the number will be at least 1,150, or an increase of almost 100 per cent. over 1907. The reason for this phenomenal increase is largely due to the fact that in 1907 the state lowered the rate of incorporating fees and annual franchise tax, so that it now presents an opportunity for the organization and maintenance of corporations at low expense. The corporation law of Delaware, however, contains many other salient features and advantages to corporations, particularly to public utilities, insurance, oil and gas companies. It is without doubt the most advantageous state in which to organize corporations of the kind enumerated. Its corporation law is copied from that of New Jersey and decisions of the Delaware courts on questions of corporation law frequently follow the New Jersey courts.

We take pleasure in announcing that our Delaware office is now in charge of Mr. Warren N. Akers, former manager of our branch in Boston. Mr. Akers brings to the Delaware office an experience of over seven years in the organization of corporations, and every facility and attention will be accorded members of the bar. Our Wilmington office has been removed to larger quarters and is now located in the Equitable Building, corner of Ninth and Market streets, Wilmington, Delaware.

4
THE LAWYERS' COMPANY

The Corporation Trust Company of America

Announces the Removal of its Delaware Office from

900 MARKET STREET

to

901 MARKET STREET

WILMINGTON, DELAWARE

where increased facilities are provided for the organization and maintenance of corporations under the laws of Delaware.

Copies of our pamphlet

"BUSINESS CORPORATIONS UNDER THE LAWS OF DELAWARE"

containing information on the cost and procedure in organizing and statements of advantages and requirements of the corporation law will be sent out upon request.

The Corporation Trust Company System

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